

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Denise Kleim		2. Telephone No. 823-7338	3. Bureau/Office/Dept. Development Services
4a. To be filed (date) 3/4/2010 to be heard 3/10/10	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to FPD Budget Analyst: 3/4/2010	

1) Legislation Title:

Authorize a temporary operating loan from the Bancroft Bond Interest and Sinking Fund to the Development Services Operating Fund to provide interim funding (Resolution)

2) Purpose of the Proposed Legislation:

The loan will enable the Bureau of Development Services to maintain fiscal solvency with a positive cash flow. In Fiscal Year (FY) 1988-89, City Council directed the Bureau of Development Services (BDS) to create a reserve to fund pre-paid work and serve as a countercyclical reserve when the economy was in a downturn.

The world-wide economic downturn has negatively impacted the construction industry, and as a result BDS began experiencing a sharp decline in permit and other revenues in the fall of 2008. To help maintain its fiscal solvency and safeguard the reserve fund while maintaining a high level of customer service, the bureau took proactive steps of implementing efficiencies, restructuring the bureau, and laying off approximately 150 employees in the summer and fall of 2009. Despite these efforts, bureau reserves fell from almost \$13.5 million to \$2.9 million in FY 2008-09. Because permit revenues continue to remain low, as of February 28, 2010 the reserve balance was approximately \$114,000.

Since bureau revenues have fallen further than workload, BDS programs are currently at minimal staffing levels, negatively impacting bureau customers, development projects, and neighborhood livability. Further staff reductions at BDS would thus be disadvantageous to the bureau's customers and the community. This results in a need to provide interim financing for the Development Services Operating Fund.

BDS is therefore proposing that a temporary operating loan be authorized immediately from the Bancroft Bond Interest and Sinking Fund to the BDS Operating Fund in the not-to-exceed amount of \$1,500,000 with a repayment schedule of principal and accrued interest due by June 30, 2011. The bureau, in consultation with the Office of Management and Finance, will continue to carefully monitor the local economy, the construction industry, and BDS revenues.

Authorizing this loan does not negate the bureau's request for immediate additional General Fund support which was presented at the February 9th Work Session. The request was to begin funding the FY 10-11 Decision Packages in FY 09-10.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

This resolution does not generate or reduce current or future revenue coming to the City.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

The costs to the City would be minimal administrative costs to transfer funds and monitor the loan repayment.

Staffing Requirements:

36768

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)*

No positions will be created or eliminated or re-classified in the current or future years as a result of this resolution.

6) Will positions be created or eliminated in future years as a result of this legislation?

No.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

N/A

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount



Paul L. Scarlett, Director, Bureau of Development Services

APPROPRIATION UNIT HEAD (Typed name and signature)



Office of the Director

City of Portland, Oregon - Bureau of Development Services

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Memorandum

Date: March 4, 2010

To: Mayor Sam Adams
 Commissioner Nick Fish
 Commissioner Amanda Fritz
 Commissioner Randy Leonard
 Commissioner Dan Saltzman

From: Paul L. Scarlett, Director *PLS*
 Bureau of Development Services

RE: Bureau of Development Services Resolution to authorize a temporary operating loan from the Bancroft Bond Interest and Sinking Fund to the Development Services Operating Fund to provide interim funding

The Bureau of Development Services (BDS) has prepared a Resolution authorizing a temporary operating loan from the Bancroft Bond Interest and Sinking Fund to the Development Services Operating Fund to provide interim funding.

Background

In Fiscal Year (FY) 1988-89, City Council directed the Bureau of Development Services (BDS) to create a reserve to fund pre-paid work and serve as a countercyclical reserve when the economy was in a downturn.

The world-wide economic downturn has negatively impacted the construction industry, and as a result BDS began experiencing a sharp decline in permit and other revenues in the fall of 2008. To help maintain its fiscal solvency and safeguard the reserve fund while maintaining a high level of customer service, the bureau took proactive steps of implementing efficiencies, restructuring the bureau, and laying off approximately 150 employees in the summer and fall of 2009. Despite these efforts, bureau reserves fell from almost \$13.5 million to \$2.9 million in FY 2008-09. Because permit revenues continue to remain low, as of February 28, 2010 the reserve balance was approximately \$114,000.

Since bureau revenues have fallen further than workload, BDS programs are currently at minimal staffing levels, negatively impacting bureau customers, development projects, and neighborhood livability. Further staff reductions at BDS would thus be disadvantageous to the bureau's customers and the community. This results in a need to provide interim financing for the Development Services Operating Fund.

BDS is therefore proposing that a temporary operating loan be authorized immediately from the Bancroft Bond Interest and Sinking Fund to the BDS Operating Fund in the not-to-exceed amount of \$1,500,000 with a repayment schedule of principal and accrued interest due by June 30, 2011. The bureau, in consultation with the Office of Management and Finance, will continue to carefully monitor the local economy, the construction industry, and BDS revenues.

Authorizing this loan does not negate the bureau's request for immediate additional General Fund support which was presented at the February 9th Work Session.